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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* ALASTAIR RAMPELL, ALEXANDER E. CAMPBELL, and  
TERRY ANGELOS

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Appeal 2014-006640<sup>1</sup>  
Application 13/444,266<sup>2</sup>  
Technology Center 3600

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Before: PHILIP J. HOFFMANN, TARA L. HUTCHINGS, and  
AMEE A. SHAH, *Administrative Patent Judges*.

SHAH, *Administrative Patent Judge*.

DECISION ON APPEAL

The Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's final decision rejecting claims 1–20. We have jurisdiction under 35 U.S.C. § 6(b).

We REVERSE and ENTER a NEW GROUND OF REJECTION pursuant to our authority under 37 C.F.R. § 41.50(b).

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<sup>1</sup> Throughout this opinion, we refer to the Appellants' Appeal Brief ("Appeal Br.," filed Nov. 8, 2013), Reply Brief ("Reply Br.," filed May 13, 2014), and Specification ("Spec.," filed Apr. 11, 2012), and to the Examiner's Answer ("Ans.," mailed Mar. 13, 2014) and Final Office Action ("Final Act.," mailed May 24, 2013).

<sup>2</sup> According to the Appellants, the real party in interest is "TRIALPAY, INC." Appeal Br. 2.

## STATEMENT OF THE CASE

The Appellants' invention relates generally to payment for products or services and specifically to "methods and systems that enable providing an alternate form of payment for products or services." Spec. ¶ 2.

Claims 1, 7, and 14 are the independent claims on appeal. Claim 1 is illustrative of the subject matter on appeal, and is reproduced below (bracketing added for reference):

1. A method of electronic commerce wherein a user is engaged with a primary offer of a vendor that includes a purchase price, comprising:

[(a)] presenting, from a facilitator to a mobile device for display, the primary offer of the vendor;

[(b)] presenting, from the facilitator to a mobile device for display, alternate payment offers, wherein fulfillment of any one of the alternate offers which were presented entitles the user to receive the primary offer;

[(c)] establishing, via a server, a credit for the primary offer to be paid by the facilitator to the vendor, the credit including a fixed cost related to a retail cost and a variable portion determined when one of the alternate offers is fulfilled;

[(d)] receiving, at the server, an indication of the user's fulfillment of one of the alternate offers; and

[(e)] paying the credit from the facilitator to the vendor.

Appeal Br. 20, Claims App.

## REJECTIONS

Claims 1–20 stand rejected under 35 U.S.C. § 112, second paragraph, as being indefinite. Final Act. 2.

Claims 1–20 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Walker (US 2011/0131089 A1, pub. June 2, 2011)

(hereafter “Walker ’089”) and Walker (US 2002/0147663 A1, pub. Oct. 10, 2002) (hereafter “Walker ’663”). *Id.* at 3.

## FINDINGS OF FACT

The findings of fact in the Analysis section below are supported at least by a preponderance of the evidence.<sup>3</sup>

## ANALYSIS

### *Indefiniteness - § 112*

The Examiner finds claims 1–20 indefinite because the independent claims 1, 7, and 14 recite a “wherein clause” regarding fulfilment of the alternate offers (limitation (b) of claim 1) that makes it unclear whether or not the Appellants are claiming fulfilment of the alternate offers “when there are instances when the claimed subject matter is not being carried out.” Ans. 7; *see also* Final Act. 2.

We agree with the Appellants that the claims are not indefinite and that one of ordinary skill in the art would understand what is claimed when the claim is read in light of the Specification. Appeal Br. 18. The Examiner’s concerns regarding infringement and intended use (Final Act. 2) are matters of claim breadth, not indefiniteness. “Breadth is not indefiniteness.” *In re Gardner*, 427 F.2d 786, 788 (1970). As the Appellants point out, “that acceptance of the primary offer is not expressly required by the claim . . . does not make the claim unclear. It simply reflects

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<sup>3</sup> *See Ethicon, Inc. v. Quigg*, 849 F.2d 1422, 1427 (Fed. Cir. 1988) (explaining the general evidentiary standard for proceedings before the Patent Office).

the fact that the primary offer provides necessary context for the alternate offers and corresponding credits that are the subject of the claim.” Reply Br. 7.

Thus, we are persuaded that the Examiner’s rejection of claims 1–20 under 35 U.S.C. § 112, second paragraph, is in error, and we do not sustain the rejection.

*Obviousness - § 103(a)*

Independent claims 1, 7, and 14 each recites limitations requiring that a vendor credit including a fixed cost and a variable cost to be paid to the vendor, similar to limitations (c) and (e) of claim 1. Appeal Br. 20–22, Claims App. The Appellants contend that the Examiner’s rejection of the independent claims is in error because, in relevant part, the Walker references do not “teach, suggest, or otherwise render obvious” these limitations. *See* Appeal Br. 14–16, Reply Br. 4–5.

The Examiner finds that Walker ‘089 discloses the method of claim 1 comprising presenting the primary offer, as recited in limitation (a), presenting alternate payment offers, as recited in limitation (b), and paying the credit, as recited in limitation (e). Final Act. 3–4. The Examiner finds Walker ‘663 discloses establishing a credit, as recited in limitation (c) and paying the credit, as recited in limitation (e). *Id.* at 5–6 (citing Walker ‘663 ¶ 43). The Examiner finds it would have been obvious to add the establishing and paying steps of Walker ‘663 to the method of Walker ‘089 “in order to allow merchants to exercise control over their profit margins by making deals with 3<sup>rd</sup> party vendors, other merchants, and customers to

maximize their profits.” *Id.* at 6. The Examiner relies on these same findings in rejecting claims 7 and 14. *Id.* at 12, 19.

Even *assuming arguendo* that the merchant subsidy of Walker ‘663 meets the claimed portion of the credit including a fixed cost related to a retail cost (Ans. 4) and the third party subsidy of Walker ‘663 meets the claims portion of the credit including a variable portion (*id.* at 5), the Examiner has not adequately shown how the credit comprising the merchant subsidy and third party subsidy is paid to the vendor. As the Appellants point out, the credit of Walker ‘663 is “given by the merchant[ ] to a customer, as readily distinguished from the claimed credit, which is paid by a facilitator to a vendor.” Reply Br. 5; *see also* Walker ‘663 ¶ 42. To the extent the Examiner relies on the combination of Walker ‘089 and Walker ‘663 for paying the vendor (*see* Ans. 3 (“A central server may be operable to . . . distribute the appropriate funds”) (emphasis omitted)), the Examiner does not explain how the central server of Walker ‘089, i.e., the facilitator, would be modified to pay the credit to the vendor.

Thus, we are persuaded that the Examiner’s rejection of claims 1, 7, and 14 as unpatentable under 35 U.S.C. § 103(a) is in error, and we do not sustain the rejection. For the same reasons, we also do not sustain the rejection of dependent claims 2–6, 8–13, and 15–20.

#### NEW GROUND OF REJECTION

Pursuant to our authority under 37 C.F.R. § 41.50(b), we reject claims 1–20 under 35 U.S.C. § 101 as being directed to non-statutory subject matter. We find the claims are ineligible for patent protection because they are directed to an abstract idea.

The Supreme Court in *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S. Ct. 2347 (2014) identified a two-step framework for determining whether claimed subject matter is judicially-excepted from patent eligibility under §101. We analyze the claims using the two part analysis: 1) determine whether the claims are directed to an abstract idea; and 2) if an abstract idea is present in the claims, determine whether any element, or combination of elements, in the claims is sufficient to ensure the claims amount to significantly more than the abstract idea itself to transform the claims into a patent-eligible invention. *See id.* at 2355.

Taking claim 1 as representative of the claims on appeal, the claimed subject matter is directed to the concept of providing various offers and compensating vendors in the area of electronic commerce. The providing of offers and payment to vendors are fundamental building blocks of commerce and, as such, are abstract ideas. Further, according to the Specification, the invention “specifically relates to methods and systems that enable providing an alternate form of payment for products or services.” Spec. ¶ 2. In that context, providing alternate offers for customers to pay for a product is a fundamental economic and conventional business practice. The Supreme Court has held certain fundamental economic and conventional business practices, like intermediated settlement (*see Alice*, 134 S. Ct. at 2356–57), using advertisement as currency (*see Ultramercial, Inc. v. Hulu, LLC*, 772 F.3d 709, 713 (Fed.Cir.2014)), and determining a price (*see Versata Development Group, Inc. v. SAP America Inc.*, 793 F.3d 1306, 1333 (Fed. Cir. 2015)), as being abstract ideas. The providing of alternate offers to pay for products of claim 1 is similar to these abstract ideas, and, thus, claim 1 is directed to an abstract idea.

Under the second step of the analysis, we find neither independent claims 1, 7, and 14, nor dependent claims 2–6, 8–13, and 15–20 have any additional elements that amount to significantly more to transform the abstract idea of providing alternate offers. Independent claims 1 and 7 and dependent claims 2–6 and 8–13 recite a method of presenting offers by a facilitator, establishing a credit, receiving an indication of the user’s fulfillment, and paying the vendor. Any general purpose computer available at the time the application was filed would have been able to perform these function. The Specification supports that view. *See Spec.* ¶ 496.

Independent apparatus claim 14 and dependent claims 15–20 recite a system that comprise a memory and processor, i.e., a general computer, to perform the functions of the claims. *See id.* The introduction of a computer to implement an abstract idea is not a patentable application of the abstract idea. *Alice*, 134 S. Ct. at 2357–58. The computer implementation here is purely conventional and performs basic functions. *See id.* at 2359–60. The claims do not purport to improve the functioning of the computer itself, not do they effect an improvement in any other technology or technical field. *See id.* at 2359.

Thus, under the two-part analysis, we find that claim 1 covers claimed subject matter that is judicially-excepted from patent eligibility under §101. The other independent claims — method claim 7 and system claims 14 parallel claim 1 — similarly cover claimed subject matter that is judicially-excepted from patent eligibility under §101. *See id.* at 2360. The dependent claims describe various versions of providing alternate offers and determining credit that do little to patentably transform the abstract idea.

Therefore, we enter a new ground of rejection of claims 1–20 under 35 U.S.C. § 101.

#### DECISION

The Examiner’s rejection of claims 1–20 under 35 U.S.C. § 112, second paragraph, is REVERSED.

The Examiner’s rejection of claims 1–20 under 35 U.S.C. § 103(a) is REVERSED.

A NEW GROUND OF REJECTION has been entered for claims 1–20 under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

This decision contains a new ground of rejection pursuant to 37 C.F.R. § 41.50(b). 37 C.F.R. § 41.50(b) provides “[a] new ground of rejection pursuant to this paragraph shall not be considered final for judicial review.” 37 C.F.R. § 41.50(b) also provides that the Appellant(s), WITHIN TWO MONTHS FROM THE DATE OF THE DECISION, must exercise one of the following two options with respect to the new ground of rejection to avoid termination of the appeal as to the rejected claims:

(1) *Reopen prosecution.* Submit an appropriate amendment of the claims so rejected or new evidence relating to the claims so rejected, or both, and have the matter reconsidered by the examiner, in which event the proceeding will be remanded to the examiner . . . .

(2) *Request rehearing.* Request that the proceeding be reheard under § 41.52 by the Board upon the same record . . . .

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No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

REVERSED; 37 C.F.R. § 41.50(b)